



THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

TO: Mayor Murphy and Members of the City Council
Chair Murphy and Members of the Housing Authority
Chair Murphy and Members of the Redevelopment Agency

DATE: For the Agenda of June 25, 2002

REPORT NO.: HAR02-006

SUBJECT: Approval to Participate in a Model School Development Project
Via Joint Powers Agreement (Council District 3)

SUMMARY

Issue: Should the City of San Diego, its Redevelopment Agency and its Housing Authority join with the San Diego Unified School District to cooperate in a comprehensive effort to develop a Model School – a mixed use urban development with new elementary school, housing, neighborhood retail, community services and recreational facilities?

Recommendation: That the City Manager, Redevelopment Agency Executive Director, and Housing Authority Executive Director be authorized on behalf of their respective agencies to enter into a Joint Exercise of Powers Agreement (in substantially the form attached as approved by legal counsel), subject to the additional approval of the School District, creating a joint powers agency (JPA) to cooperatively plan and execute a Model School project. It is further recommended that the City Council support legislation clarifying the powers of such a JPA.

Fiscal Impact: No funding obligations with this action. However development or financing of project components (e.g., affordable housing, recreation facilities) could result in requests for funding that would be the subject of Council, School District, Redevelopment Agency, or Housing Authority deliberation and approvals in the future.

Affordable Housing Impact: As currently envisioned, the Model School project will result in the loss of approximately 245 housing units, to be replaced by approximately 350 units, of which approximately 165 will have affordability restrictions.

Previous Related Action: The Housing Commission endorsed Housing Authority participation in the JPA at its meeting of March 1, 2002. The City Council Committee on Public Safety and Neighborhood Services discussed an information report in September 2001.

BACKGROUND

The San Diego Unified School District received voter approval to issue bonds to rehabilitate and build new elementary schools. In order to acquire land and develop new schools in urban neighborhoods, it is anticipated that more than 2,000 existing residential units would be razed. The school district is under no obligation to provide replacement housing when it develops a school, yet is concerned about the impact of school construction on neighborhoods.

One of the new elementary schools is being planned in the City Heights Redevelopment Project Area. To plan for the school in a way that most effectively responds to a broad range of community needs, the school district has held extensive discussions with staff of the Housing Commission, the Redevelopment Agency, and various City departments. Numerous community meetings have also been held.

In addition to more than 150 private residences that would be lost to school construction, it is anticipated that the Housing Commission will lose up to approximately 16 units of Public Housing if a new school were built. The Housing Commission would receive compensation for the lost housing and would need to acquire or develop replacement housing.

DISCUSSION

The San Diego Unified School District would like to build a new elementary school in the general vicinity of 43rd Street and Myrtle. The development of schools in fully developed urban space is extremely difficult but also offers rare opportunities for community enhancement. Joint planning of a variety of land uses offers a unique opportunity to foster community livability and provide replacement housing while expanding existing infrastructure.

A Joint Powers Agency (JPA) consisting of the City, School District, Housing Authority and Redevelopment Agency is being proposed to pursue the concept of a community-based model school as a focal point for neighborhood improvement. This model is being received with much interest and enthusiasm.

As envisioned, the proposed JPA would facilitate the planning, financing, and construction of a development that could include: 1) a new elementary school for 700 students; 2) multifamily mixed-income rental and for-sale housing to replace housing units that will be removed by the construction of the school; 3) recreational opportunities and park space; 4) neighborhood commercial uses; and 5) additional family services such as daycare and healthcare. A very preliminary estimate of the related costs is

approximately \$140 million (see Attachment 3). One of the first actions of a JPA would be to refine cost estimates and determine sources of funding.

To launch the process, the JPA would competitively select a master developer of the model school project. A joint powers agreement would enable the parties to form a joint powers agency, tentatively called the Model School Development Agency, that could take actions to plan a model school project and to determine feasibility. The JPA's findings and recommendations would then be made available to the agency members for consideration of further action. For example, future affordable housing development would return to the Housing Commission if Commission funds were involved. The School District would have to authorize use of Proposition MM funds and turnkey purchase of a school.

A draft joint powers agreement is included as Attachment 1 to this report. It is still subject to minor modification and, as such, is recommended for approval in generally its current form, subject to approval by the members' legal counsels.

The JPA is modeled after the City-County JPA used to build the Halls of Justice in downtown San Diego; it would be a legal entity separate from each of the members. It is intended to have the authority to take all actions necessary for the comprehensive development including: plan and design for the project, initiate actions necessary pursuant to the California Environmental Quality Act, acquire or sell property including powers of eminent domain, contract for the acquisition of goods and services or construction, issue bonds or otherwise finance an approved project, and all other powers granted to it under State law.

Attorneys for the member agencies agree that the JPA would have broad powers. Some are concerned that joint exercise of certain powers related to eminent domain and construction should be clarified by special legislation (see Attachment 2 for draft bill) to maximize the efficiency of the JPA. Assembly Member Kehoe's office is prepared to expedite such legislation. Until the legislation is adopted, the JPA clearly has power to proceed with planning and environmental assessment activities. If legislation is not forthcoming, each member of the JPA could exercise the few powers not held in common individually, pursuant to its own authorizing legislation.

The JPA would not be effective until approved by the governing boards of all JPA member entities. As currently envisioned, the Housing Commission would take a lead staffing role in administering the JPA.

In addition to seeking clarifying state legislation, next steps include site selection, preparation of a comprehensive environmental impact report to address all of the proposed uses, preparation of a financing plan, detailed design of the facilities and selection of a master developer. Also to be determined is the ultimate disposition plan – which member agency would own which assets or whether the JPA would have an ongoing ownership role.

ALTERNATIVE

Decline the opportunity to participate in the Model School Development Agency. The School District will proceed with its plans to build a new elementary school. It is likely that such development would not provide residential replacement or community facilities to the degree possible under the JPA.

Respectfully submitted,

**Signature on File
With Original Document**

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Approved:

Michael T. Uberuaga
City Manager

- Attachments: 1. Draft Joint Powers Agreement
2. Draft Legislation
3. Preliminary Project Development Costs